

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, January 20, 2017 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:33 a.m. Board Members present were John Yeager, Todd Wintters, and Demond Dawkins.

Ex-officio member Mindy Manson, City Manager was present.

WEDC staff present was Executive Director Sam Satterwhite, Assistant Director Jason Greiner and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

With no citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the January 9, 2017 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the January 9, 2017 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the December 2016 Treasurers Report.

An updated Balance Sheet that reflected the handwritten entries provided in the original Board Packet was distributed to Board Members. Clarified items included Inventory, Deferred Outflows, and Deposits. Staff reviewed key items within the December 2016 Treasurers Report.

MOTION: A motion was made by Demond Dawkins and seconded by John Yeager to approve the December 2016 Treasurers Report for the Wylie Economic Development Corporation as amended. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon issues surrounding the WEDC 2016 Annual Report.

As per the By-laws, the WEDC must present an annual report to the Wylie City Council no later than January 31st of each year. The report must include, but is not limited to, a review of all expenditures

made by the Board, a review of accomplishments, and a review of other than direct economic development. Staff presented that the report provided to the Board met the intent of the requirements of the By-laws with the same being presented to the Wylie City Council on January 24, 2017.

Staff recommended that the WEDC Board of Directors approve the 2016 WEDC Annual Report as presented by staff and recommended it be presented to the Wylie City Council.

MOTION: A motion was made by John Yeager and seconded by Todd Winters to approve the 2016 WEDC Annual Report as presented by staff for presentation to the Wylie City Council on January 24, 2017. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon a Performance Agreement between KREA, LLC and the WEDC.

Staff reminded the Board that it had reported multiple times that it did not appear that KREA would complete the La Quinta Inn & Suites by March 31, 2017 as required within the Performance Agreement. Mr. Kash Parbhu, Manager of KREA, has requested a 30-day extension of the deadline to April 30, 2017.

As with the REVA Hospitality amendment considered earlier by the Board, staff recommended that the Board amend the deadline an additional 30 days from the requested date to May 31st to allow for any other unforeseen delays. If approved, staff will convey to Mr. Parbhu that any further request for extension may be viewed as ‘beyond reasonable’ as the Performance Agreement was executed on July 29, 2015.

Staff recommended that the WEDC Board of Directors approve the First Amendment to a Performance Agreement extending the date by which KREA, LLC must complete improvements associated with a La Quinta Inn & Suites to May 31, 2017.

President Fuller inquired as to the timing of the funding for the KREA Agreement. Staff responded that an amount equal to the occupancy taxes generated by the project will be reimbursed to KREA beginning six months from the issuance of a certificate of occupancy as the Start Date within Section 1 (b) of the Agreement. The six-month delay was put in place originally to allow for a lag in sales associated with the startup of any business. Mr. Fuller suggested that the Start Date be reduced to four months to allow for the delay and requested extension. The general consensus of the Board agreed with Mr. Fuller.

MOTION: A motion was made by Todd Winters and seconded by Demond Dawkins to approve the First Amendment to a Performance Agreement extending the date by which KREA, LLC must complete improvements associated with a La Quinta Inn & Suites to May 31, 2017, and further amending the Start Date to four months after the issuance of a certificate of occupancy. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon a Performance Agreement between the WEDC and Ronald P. and Carole A. Trout.

Mr. Trout initially came to the WEDC in an attempt to evaluate options surrounding the construction of a 4,944 square foot commercial building near N. Highway 78 and Eubanks Lane. Mr. Trout plans to construct a new building for a tenant on land behind an existing car wash. Following direction from the WEDC Board in Executive Session and an oral commitment by the WEDC staff for assistance, Mr. Trout moved forward with design and engineering plans.

Trout has an estimated construction budget of \$340,000 for Phase I (4,944 square feet). Future plans may include a Phase II of approximately 5,700 additional square feet. Helmberger Associates has been working with Mr. Trout to develop construction plans and an overall construction budget. Should the project move forward, construction will begin within the first quarter of 2017 with an estimated completion date in the third quarter of 2017.

The attached Agreement proposed a total maximum incentive of \$15,000 which is broken down as follows:

Incentive No. 1 \$15,000

- Construction of 4,944 square feet
- Expenditures verified at \$340,000
- Proof of Certificate of Occupancy by December 31, 2017

Staff commented that based upon approximately \$7,500 in new revenue generated from the project in City and ISD taxes, the project will have a two-year return on investment. Further, should Ronald P. and Carole A. Trout fail to meet the Performance Measures for Incentive No. 1, the entire Performance Agreement is voided in advance. Further, no partial incentive payments will be provided.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between WEDC and Ronald P. and Carole A. Trout providing for a maximum incentive of \$15,000 and further authorizing the WEDC Executive Director to execute said Agreement.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters approving a Performance Agreement between the WEDC and Ronald P. and Carole A. Trout. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon issues surrounding the construction of parking improvements on WEDC property located at 111 N. Ballard.

The WEDC purchased a 0.2-acre tract from First Baptist Wylie (FBW) in June of 2016. As previously discussed, the best short-term use for this property would be to create a parking lot for visitors to Downtown. The first option would be to utilize an exit into the FBW parking lot. FBW is agreeable with the understanding that they would be able to utilize the public parking for their congregation.

The second option would be to pave the alley that runs behind Mr. Conkle's metal building. This option would require relocating the utility poles and 3 transformers to the back of the property which staff previously believed to be a 6-figure proposition. However, staff has received a verbal quote from Oncor in the amount of \$25,000. This number does not include relocating phone lines attached to the utility poles which would be an additional cost. Tentative cost estimates for Option 1 utilizing the FBW parking lot exit would be \$105,000, and Option 2 with a dedicated entrance via the alleyway is estimated at \$140,000.

The WEDC Board indicated that it preferred relocating the utility poles and transformers to the back of the property and paving the alleyway which would provide improved ingress/egress and not take away parking spaces in the FBC lot. Further, while the second design option is more expensive, it does correct a poor utility design and location of poles. Staff requested that this item be tabled until the next Regular Meeting of the WEDC to provide time to gather the appropriate bids and cost estimates to present to the Board.

MOTION: A motion was made by John Yeager and seconded by Demond Dawkins to TABLE this item for consideration at the next Regular Meeting of the WEDC Board of Directors. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 7 – Staff report: review issues surrounding WEDC Performance Agreement Summary, the Wedge Corporation, Environmental Activity Summary, REVA Hospitality, Highway 78 WEDC Pad Sites, Peddicord Center, WEDC Lease Properties, Promotional Activities, and regional housing starts.

WEDC Performance Agreement Summary

Attached for the Board's review was a summary of all outstanding Performance Agreements including: ACG Texas LP, Ascend Custom Extrusion, All State Fire Equipment, B&B Theatres Operating Company, Clark Street Development, Dank Real Estate, Exco Extrusion Dies, FLM Development, Freudiger Holdings, Getset, KREA Acquisition, McClure Partners, Patna Properties, VIAA Properties, Von Runnen Holdings, Wedge Corporation, Woodbridge Crossing, and Wylie Flower & Gift.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through December 2016 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$3,962,373 in reimbursement has been earned through December 2016 with net receipts of \$3,186,843 after reimbursements. As well, it is estimated that \$4.1 mm has been paid in ad valorem taxes to the City

of Wylie (excluding the WISD). As shown on the Sales Tax Reimbursement Report, \$104,436 was generated in sales tax in October 2016 versus \$97,528 in October 2015. This represents 7.08% increase over 2015 receipts.

The Wedge Corporation

The Wedge Corporation qualified for a second Performance Credit under its Performance Agreement with the WEDC. A loan was entered into between The Wedge and WEDC under which Economic Incentives were provided for the completion of qualified infrastructure associated with the development and ongoing operation of The Rock Wood Fired Kitchen. The Loan was also secured by Guaranty Agreements from The Wedge Principals, Jay Gigandet and Don Bellis, which were previously released under the terms of the Agreement.

W&M Activity Report

Attached for the Board's review was a spreadsheet tracking all activities with W&M Environmental for FY 2014-15 and FY 2015-16. W&M has prepared Phase I & II reports for Mann Made, K&M, Business Way, 111 N. Ballard, 908 Kirby, 201 Industrial Court, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City.

REVA Hospitality – Holiday Inn Express

The Feasibility Period for the property acquisition on Sanden expired on 1-17-17 with closing still set for February 1st. As well, civil and site plans along with a preliminary plat has been submitted to the City of Wylie and is attached for your review.

Highway 78 WEDC Pad Sites

Helmberger Associates is evaluating bids for median and driveway improvements which should be finalized by January 27th. Staff is also working closely with Oncor Electric to determine the most effective way to serve the site. The current goal is to secure an overhead utility easement from the adjacent Baylor property to the west. Staff's goal is to secure the easement by January 27th as well.

Peddicord Center

The Wylie City Council has determined that it will not continue its lease of the Bart Peddicord Center from the WEDC. Staff sought direction for the Board in terms of information needed to make a decision on the future use, if any, of the structure.

The WEDC is in receipt of \$61,924 from TML in insurance proceeds from the hail claim. An additional \$43,960 is available in depreciation and code upgrades should the WEDC choose to repair the building. Damages to the building included paint, ceiling tiles, insulation, dry wall, roofing, HVAC, windows, lighting fixtures, and ductwork. If the building is demolished now or in the future, those costs are estimated at \$28,000.

The Board requested information regarding the expiration of the time frame to claim depreciation should the Board choose to repair the building and wish to claim depreciation funds. Staff committed to research and report to the Board at the next meeting.

Promotional Activities

As reported regularly, the WEDC has a ¼ interest in Maverick's Season tickets for the 2016-17 Season. A spreadsheet tracking the use of those tickets was attached for the Board's review.

Regional Housing Starts

Thirty-nine homes were permitted in Wylie for the month of December 2016 bringing the annual total to four hundred nine. Sachse, Lavon, Murphy permitted a combined twelve over the same period. Inspiration permitted two homes in December and one hundred sixty-four for the year.

No action was requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:41 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Highway 78 & Cooper
- Cooper & F.M. 544

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2015-12a
- Project 2016-6a
- Project 2016-10a
- Project 2017-1a

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:35 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:35 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director